

FISCAL YEAR ENDING DECEMBER 31, 2005, AND BUDGET YEAR 2006

PEOPLE, PARTNERS, PROGRESS
CREATING COMMUNITY CONNECTIONS

By Mayor Gene Winstead

EY TO SUSTAINING AND GROWING a successful community are the people whose contributions protect and improve the lives of others. These people, the City's partners, are committed to ensuring that Bloomington remains a high-quality place to live, work and visit. Together we are creating and building a stronger community.

Bloomington's financial condition continues to be among the best in the state and in the nation. The City maintains an Aaa from Moody's, an AAA from Standard & Poor's and an AAA from Fitch Ratings, the highest bond ratings awarded by those agencies. Of more than 87,000 local governments in the U.S., only 20, including Bloomington, have achieved three triple-A ratings. See page CR6.

The City Council adopted a 2006

Annual Budget

CHECK OUT

Summary, 2005

Community are

THE FINANCIAL

REPORTS ONLINE

Bloomington's 2006

Annual Budget, Budget

Comprehensive Annual

Corporate Report to the

available on the City's

Web site. Visit www.

keywords: Finance

Department.

ci.bloomington.mn.us,

Financial Report and

General Fund budget with an average increase of 2.77 percent over the last three years. Property taxes allocated to the General Fund have increased only 4.69 percent over the past five years, despite losing \$3.2 million in state aid payments during that period.

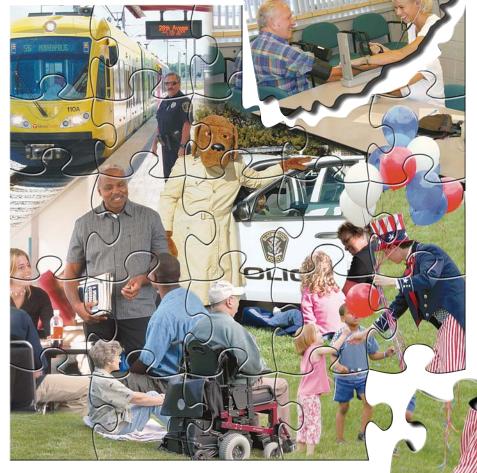
In 2005, the city
reached a milestone when
its real estate market
value surpassed \$10
billion – an indication
that Bloomington is a
dynamic community
where people want to live,
do business and reinvest
in homes, businesses and
schools. The real estate
market value in
Bloomington continues to
grow, topping \$11.1 billion
in 2006. See page CR3.

Redevelopment projects, more housing options for residents and

improved infrastructure are revitalizing our city. Highlights of 2005 include:

Lyndale Green, 84th Street and Lyndale Avenue, features a new Cub Foods store, a 10,800-square-foot retail center along with a 95-unit senior cooperative, 38 townhouses and 12 "brownstone-styled" row homes. The project was honored with the Minnesota Shopping Center Association's award for best redevelopment. See page CR3.

The first phase of the Village on 9
Mile Creek redevelopment of the former
City Hall site at Penn Avenue and Old



Shakopee Road was completed with a four-story condominium building and 20 townhouses. The second-phase construction of 38 townhouses will begin in 2006.

Bloomington Central Station, the first and largest transit-oriented development in Minnesota and one of the largest currently underway in the nation, began its first phase with construction of 270 residential units that will be completed this summer. The project was honored with a Best in Real Estate award. See page CR3. The second phase of the development includes a 350-room hotel, 1.5-acre park and a 150-unit residential complex that could begin construction in 2006.

The 403-room **Grand Lodge and Water Park of America**, featuring a
75,000-square-foot indoor water park, is
scheduled to open in early summer.

The **I-494 Third Lane** project was completed, significantly increasing capacity in the corridor west of TH100 and Normandale Boulevard.

The **Lyle Berg Bridge**, an important link connecting east and west American Boulevard, was completed last fall. *See page CR4*.

The intersection-to-interchange upgrades on **TH169** at **Pioneer Trail and Bloomington Ferry Road** eliminated stoplights and added bridges.

Today, Bloomington enjoys award-winning schools, excellent financial strength, property taxes that are among the lowest in the metropolitan area, transportation improvements and highly successful businesses that are active community partners.

What does the future
hold for Bloomington? It is important
to consider how we will meet challenges
that include changing demographics,
traffic congestion and housing. The City
Council has started its next strategic
planning process to define development,
redevelopment, City services,
infrastructure, and fiscal strength and
stability for the next 20 years.

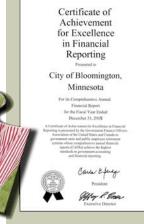
Everyone is a stakeholder in the future direction of the community. We're stronger when we work together. It is essential that we continue to create the community connections that help ensure our success. The relationships we've developed with our neighbors, local organizations and businesses, neighboring cities, and state and local government agencies enable us to provide excellent services that meet our residents' needs and look for new opportunities to enhance our city.



The monthly expenses for City services described in this report use a median-priced home in Bloomington that has an assessor's market value, payable in 2006, of \$231,200, with monthly property taxes for City services of \$60.50.

INSIDE

PAGE CR2. How tax dollars buy City services. PAGE CR3. Highlights from 2005. PAGES CR4 AND CR5. Partnerships serve our community well. PAGE CR6. The General Fund. PAGE CR7. Enterprise, Internal Service and Special Revenue Funds. PAGE CR8. Capital Projects and Debt Service.



EXCELLENCE IN FINANCIAL REPORTING CITY NETS 34TH CONSECUTIVE AWARD

THE GOVERNMENT **Finance Officers** Association of the United States and Canada has given the City of Bloomington its Certificate of Excellence in Financial Reporting for Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. This award is the highest form of recognition in government accounting and financial reporting. Bloomington has received this prestigious national award for 34 consecutive years. Only two entities have consecutively received more awards: Oak Ridge, Tennessee (43 years) and Montgomery County, Maryland (35 years).

\$15.10

\$8.56

\$4.93

\$4.73

\$3.16

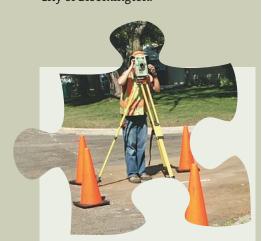
\$2.51

THROUGH THE EFFORTS OF MANY



CITY OF BLOOMINGTON ORGANIZATIONAL CHART

BLOOMINGTON'S CHARTER PROVIDES for a council-manager government. The City Council and Mayor, elected by the people, exercise legislative power and determine all City policies. Advisory boards and commissions gather information and advise the City Council on specific issues. Policy development and day-to-day operations are directed by the Councilappointed City Manager. The City Manager oversees the eight departments and the Technical Services Group that carry out the services, activities and policies of the City of Bloomington.



he City's Engineering Division, along with consultant URS Corporation, received the 2005 Honor Award from the American Consulting **Engineers Council for planning,** designing and constructing infrastructure improvements associated with the ongoing development of the Mall of America's expansion. Improvements included **American Boulevard reconstruction** and realignment, sanitary sewer extension, IKEA site development and Lindau Lane reconstruction.

How tax dollars buy City services

Before you call Utility Billing

For faster service, please take an inside meter re
 Is this bill higher than normal? Check for leaks in

City of Bloomington

for MONTHLY police, fire, street maintenance, purks programs, etc.

HIGH-QUALITY CITY SERVICES REMAIN REASONABLY PRICED FOR BLOOMINGTON RESIDENTS

Police

Public Works

Community Services

Technical Services

Strategic Priorities

Capital and Debt Services

Community Development

Average Homeowner

Bloomington, MN

Sixty and 50/100

ESIDENTS RECEIVE A VARIETY OF CITY services at an affordable price. The cost of City services in 2006 for the owner of a median-priced, single-family home in Bloomington with an assessor's market value of \$231,200 is \$60.50 per month. Utilities remain competitively priced in 2006. The value received from City services compares favorably to charges for other monthly bills.

Net property tax cost is obtained by subtracting all revenue sources other than the property tax from departmental expenditures. Water and sewer utilities are fee-based.

Property tax-supported services

TAX RATE COMPARISON

The checkbook shows how the monthly cost of property tax-supported services is divided among City departments.

Monthly cost of utilities

Based on an average usage of 7,500 gallons per month, monthly cost of utilities for a home in Bloomington is \$34.19 in 2006. Services include water, sewer, stormwater and solid waste. See above illustration. Note: Water bills are mailed bimonthly and average \$68.38 per bill.

BLOOMINGTON RANKS WELL IN HENNEPIN COUNTY

In a 2005 comparison of 15 communities in Hennepin County with more than 20,000 residents, the average household cost of services in terms of property taxes



and property tax aids (when adjusted for fiscal disparities) showed Bloomington ranking lowest. The average household, including single-family dwellings, condominiums. townhomes and apartments in Bloomington paid \$36.30 per month in property taxes to the City.

STRONG HOME VALUE **GROWTH CONTINUES**

OTAL AMOUNT DUE \$34.19



CITY SERVICES PROVIDE A STABLE foundation, helping home values grow. Median home value increased from \$214,400 in 2004 to \$231,200 in 2005, a 7.8 percent increase.

The City works hard to provide a broad range of quality municipal services at one of the lowest property tax costs per household in Hennepin County communities with more than 20,000 residents. Homeowners' investment of approximately \$726 per year in City services has helped the average home value to increase more than \$14,700 per year for the past five years. A good investment in services is one of the factors that helps promote home equity appreciation.



9¢ Other agencies

DIVIDING UP YOUR 2006 TAX DOLLAR

YOUR TAX DOLLAR IS DIVIDED AMONG SEVERAL GOVERNMENTAL entities. As the graphic shows, for every dollar of taxes paid, 34 cents are for City services.

The actual amount of taxes owed is based on market value, tax law and the levy. The levy for all local governmental entities is spread across properties within each entity's respective boundaries using tax capacity, a function of market value and property type. After applying educational aids, a Bloomington homeowner with a median-valued home pays \$2,484 in property taxes. Of that, \$726, or \$60.50 per month, goes to the City for services. The remaining \$1,758 goes to the School District, County and other taxing districts.

Bloomington/Richfield
Family Center
Lutheran Social Scholes
1-494 Corridor Commission
Independent School
District 271
Creekside Music Program
AARP
Minnocoat
Bloomington Historical
Society
Loaves & Fishes Too
Bloomington Athletic
Association
Lower Minnesota River

Bloomington Breakfast
OPTIMISTS
Martin Luther Manor
Bloomington Public Scho
Community
Education
McGough Companies
Meals on Wheels
Blue Cross and Blue Shie

Medalist Concert Band
Metro Mobility
A-Z FRIENDLY
Languages
Metro Transit
City of EAGAN
Normandale Community
College
f Metropolitan Council

Micron Molding
Senior OUTREACH
Cornerstone
Minnesota Department of
Health
Presbyterian Homes
Allied Waste Systems
Minnesota Park Supervisor

Minnesota Sports Federation
Bloomington Senior
Music Program
Mountain Environmental
Nine Mile Creek
Watershed District
Hennepin County Community Prevention

Normandale Сомминіту
College
Community Denta
Clinic Board
Bloomington, Edina and
Richfield School
Nurses
Minnesota Department o

SHE Inc.
Drug Enforcement
Agency
Hansen, Jergenson, Nergaard
& Co., LLP
Unemployment –
Department of Economic

2005 HIGHLIGHTS – STRENGTH IN NUMBERS



EXCELLENCE IN SERVICE

PARTNERSHIPS ENHANCE OUR QUALITY OF LIFE

ROM PUBLIC SAFETY TO COMMUNITY REVITALIZATION, COMBINING OUR RESOURCES serves us better. The highlights of 2005 are made possible by the people who are committed to the ongoing success of our community.

POLICE INCREASE EFFORTS TO REDUCE TRAFFIC SPEED PERSONAL INJURY ACCIDENTS DECREASE AS A RESULT

Two of the largest public safety concerns voiced by residents are increased traffic and speeding. To address these concerns, police use devices that monitor speed, volume, type of car and speeding times to target speeders in specific neighborhoods. Trailers that display motorists' speeds also let people know the police are watching and remind motorists to check their speeds.

Since 2004, Bloomington Police began targeting high-volume crash

areas with extra traffic law enforcement. As a result, personal injury accidents in Bloomington have decreased.

"Keeping motorists' speeds down reduces crashes," Officer Bret Anderberg said. "In general, 30 mph and below are the speeds at which drivers have the most control over their vehicle."

Last summer, Bloomington Police partnered with Eden Prairie, Edina, Eagan, Mendota Heights, Minneapolis and the Minneapolis-St. Paul International Airport in a combined effort to reduce motorists' speeds. The Speed Wave campaign was a

coalition of 10 state, county and local law enforcement agencies working together to target speeding drivers in an effort to reduce crashes and traffic injuries.





Bloomington Police received the Mothers Against Drunk Driving (MADD) Public Safety
Representative Award for their dedication to reducing drunk and impaired driving in Bloomington.
Officer Salim Omari, above right with Commander Paul McCullough, was honored as MADD Rookie of the Year for his 41 DUI arrests in 2005.

After - Convenient, modern housing and new shopping areas enhance the neighborhood.

COMMUNITY RENEWAL INCREASES LIVABILITYREDEVELOPMENT TRANSFORMS AREA OF CITY

The City has policies for constant and sustainable renewal of the community. As part of the process, the City identifies where its involvement will encourage redevelopment. Since 1997, more than \$7 million has been provided for property enhancement initiatives such as acquisition of vacant buildings and the rehabilitation of blighted properties.

United Properties, with assistance from the Bloomington and Housing Redevelopment Authority, constructed the Lyndale Green redevelopment at 84th Street and Lyndale Avenue. The project transformed an obsolete warehouse, grocery store and adjacent vacant building into a new neighborhood shopping area

that includes the 95-unit Applewood Pointe Senior Cooperative, 38 townhomes and 12 "brownstone-styled" row homes, a new Cub Foods store, a 10,800-square-foot retail building and one-acre public park that will be completed this summer.

The Lyndale Green redevelopment

project was honored with the Minnesota Shopping Center Association's 2005 STARR (Shopping Center Tribute Award for Retail Real Estate) Award for best redevelopment.



Before - Facilities were underdeveloped and dated.

BLOOMINGTON GROWS STRONGER EVERY DAY

REAL ESTATE MARKET VALUE TOPS \$11 BILLION THIS YEAR

Bloomington reached a milestone in 2005 when the city's total real estate market value surpassed \$10 billion.

Major redevelopment, renewal of existing properties and infrastructure improvements more than doubled the city's tax base since 1995. As property taxes are spread over a larger base, the costs to taxpayers are reduced.

Growth continued for 2006 as real estate value topped \$11.1 billion. In one year, market value grew \$800 million or \$2.2 million per day. Through the efforts of many businesses,

organizations and individuals, Bloomington continues to be a desirable community to live, raise a family and do business:

- The City of Bloomington helps market values grow by maintaining and enhancing public safety services, water, sewer, roads and parks. The investment residents and businesses have made in the community is strengthened.
- New development boosts values.
 Two major projects are underway,
 Bloomington Central Station and the
 Mall of America's expansion. When

combined with the Mall's Phase I, the completed projects will total \$2.5 billion.

- Citizens' investment in educational facilities provides an excellent return in property values. Quality schools are a major consideration when choosing a place to live. Because the city's schools are top-rated, Bloomington is a popular city in which to live and work.
- By reinvestment in their existing properties, residents and businesses continue to see one of their most important assets appreciate.

eflections at Bloomington Central Station was chosen Best Overall Project in the Minneapolis-St. Paul Business Journal's Best in Real Estate award competition. The two, 17-story condominium towers, that began construction in 2004, are the first phase of McGough's \$700 million redevelopment. According to the Business Journal, the project is a trailblazing effort because of its light-rail integration and unique, environmentally friendly design within an underdeveloped area. Opening this summer, more than 90 percent of the 267 units are sold. Construction of a 1.5-acre park at **Bloomington Central Station begins** this summer.



2005 Total market value comparison of five most populous Minnesota cities





In a comparison of Minnesota's five most populous cities, Bloomington ranked third in total market value. A per capita comparison shows Bloomington's total market value is highest.



"You can't

measure in dollars and cents the value

of people getting out to help," said Bloomington

Park Maintenance Manager Paul Edwardson.

GO THE

EXTRA MILE

TAKE OWNERSHIP OF OUR PARKS

STORE to Door
South Hennepin Recycle
and Problem Waste
Drop-Off Center
National Multiple Sclero
Society
Federal Bureau of

United Properties
U. S. Department of Interior
Fish and Wildlife
Metro WaterShed Partners
City of MINNEAPOLIS
Three RIVERS Park District
NOTE-able Singers
Toro
U.S. Fish and WILDLIFE

RMR Services
Volunteers Enlisted to
ASSIST People
Time Warner CABLE
U.S. Filter Control Systems
VOLUNTEERS of America
Walker
SEE Consulting Communication

City of Edina
WSB & Associates, Inc.
BLOOMINGTON Housing and
Redevelopment Authority
Xcel Energy
Alcohol Tobacco FIREARMS
Explosives
HENNEPIN COUNTY Adult
Protection

South Hennepin Interagence
ity Early Learning and
Development
Bloomington, Edina,
Richfield, Eden Prairie
SCHOOL Districts
FamiLink Resource Center

MAINTAINING RELATIONSHIPS

PEOPLE, PARTNERS, PROGRESS PUTTING TOGETHER A STRONGER COMMUNITY

ARTNERSHIPS ENHANCE LIVABILITY, INCREASE SAFETY, ENSURE QUALITY SCHOOLS AND improve lives. Combining our resources strengthens our community and neighbors. Together we're creating and building a stronger Bloomington.

"I like the American Boulevard bridge over I-35W," motorist William Hoots said. "It's so much easier to get around the commercial areas of Bloomington."

IMPROVE MAJOR TRANSPORTATION SYSTEMS

More than 200 volunteers hit the trails to help rid three sites along the Minnesota Valley National Wildlife Refuge of buckthorn last fall.

The City of Bloomington, the U.S. Fish and Wildlife

Service, Friends of the Minnesota Valley and the

Department of Natural Resources hosted the 2005

Buckthorn Across Borders event. At Parker's Picnic Area near Park Avenue and Columbus Road, about 35

volunteers tackled the invasive plant. Fifteen, one-ton truckloads of buckthorn were hauled from the site.

Last year marked the opening of the Lyle Berg Bridge over I-35W – the key link for American Boulevard that not only provides an alternative to I-494, but also creates

renewal opportunities along its route. A federal grant funded 80 percent of the \$12.5 million bridge. The City of Bloomington and the Minnesota Department of Transportation (MnDOT) also supported the project.

Construction on stage one of the I-494 Third Lane project from Highway 5 to France Avenue was difficult, but MnDOT and their contractor finished last year ahead of schedule. Two interchanges, seven bridges and three lanes in each direction were added. Also completed were the intersection-to-interchange upgrades on TH169 at Pioneer Trail and Bloomington Ferry Road that eliminated stoplights and bridges.

Bloomington Public Works Director Charlie Honchell said these improvements pave the way for safer, less congested roads.

"An even more important benefit to the citizens, employees and visitors in Bloomington is the simpler, faster and more convenient ability to move in and across our community," Honchell said.



"By partnering with other agencies such as MnDOT, we are able to bring these improvements to construction and completion much faster than would otherwise be possible."

ENSURE A HEALTHY AND VIBRANT COMMUNITY

Public Health adds quality and longevity to our lives by working with other professionals and parents who care about the health of youth and with community clinics to ensure vaccine-preventable diseases are kept under control. Public Health delivers service to those who need it most by working with senior centers and residences to help seniors manage chronic health conditions and with day care centers to make sure they're providing a safe and healthy environment for our youngest residents. Joining forces with block club captains, Public Health also teaches emergency preparedness to help neighborhoods better prepare in the event of an emergency.

"It's all about
partnerships," according
to Public Health Administrator Karen Zeleznak. "The
more partners, the more we
can do for our community."



NORMANDALE COMMUNITY COLLEGE

"Normandale Community College has a reputation for access and outstanding educational programs," President Kathi Hiyane-Brown said. "Our priority is to engage the community to create opportunities for all."

CREATE OPPORTUNITIES FOR ALL

Normandale Community College thrives with the support from businesses and individuals. Bloomington Rotary sponsored the College Success Center for academic tutoring and testing, helping students to achieve their academic goals. Many individuals who are committed to education offer their time and resources to the college.

Normandale also gives back to the community. Through a

Minnesota job skills partnership grant, specialists are trained to help

unemployed and underemployed individuals in the community gain employment. Also, **students** receive academic credit for community service in a service-learning program that includes volunteering for homeless shelters, community centers and other organizations.

Team joined a coalition of nearly 90 officers from Minneapolis, St. Paul and Ramsey County in response to the request for assistance from Federal Emergency Management Agency (FEMA) in hurricane-devastated New Orleans. For two weeks, the team worked 12-hour days, patrolling for looters, helping residents look for loved

Twenty-one former and current

members of the Bloomington SWAT

looters, helping residents look for love ones and serving as a backup for the **New Orleans Police**. The City will be completely reimbursed by FEMA for

costs incurred in New Orleans.

"We went to

New Orleans in the spirit of cooperation

and felt honored to be part of

such a monumental event,"

Bloomington Police Chief
John Laux said. "In the future, we may need to ask for assistance from our federal, state and local partners."

PROTECT WATER BODIES

Ponds treat and control stormwater runoff by providing temporary storage for excess water. As sediment and other pollutants settle in the pond, cleaner water enters downstream water bodies.

On a parcel purchased by the Minnesota Department of Transportation and the City of Bloomington at the southeast corner of Normandale Boulevard and 84th Street, a pond was constructed to treat stormwater runoff from the I-494 corridor before it flows into Nine Mile Creek.

MANY PIECES UNITE AS ONE



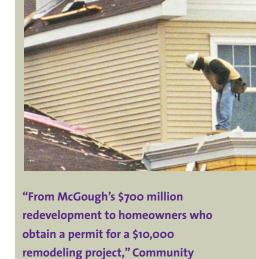
MAKE THE CONNECTION FOR PEOPLE IN NEED

"I just got my furniture from Bridging today and wanted to thank you very much," wrote a Bloomington resident. Human Services staff are trained to

> conduct home visits to determine an individual's needs and refer residents to Bridging, Inc., an agency that provides furniture and household goods to families in transition.

Even unique requests can be accommodated because of Human Services's relationships with many individuals and agencies. From free tax assistance to support groups to food programs, Human Services partners with at least 100 different agencies to meet citizens' needs. In 2005, more than 4,500 callers contacted Familink to get connected to valuable resources.

Bloomington Human Services is not just government providing services; it is the catalyst with access to information and resources that helps link the citizen and the provider.



GIVE TIME FOR OTHERS

Volunteers, who coordinate programs, answer phones and work with youth and the elderly, build our community. City staff gives support, training and supervision, but these services require the dedication of the many people who graciously offer their precious time to assist others.

The City works with more than 1,500 volunteers, each contributing to the community an average of 100 hours, with an estimated value of \$2.5 million.



"By sharing expertise and skills, we get the best law enforcement practices," Police Chief John Laux said. "It also helps us keep abreast of emerging trends."

TRAINING THAT SAVES LIVES

Approximately 600 police and fire personnel regularly use a joint public safety training facility that provides real-life training opportunities. The Southwest Metropolitan Joint Public Safety Training Center, 7525 Braemer Boulevard in Edina, opened in 2003 and is a collaborative effort of the Minneapolis-St. Paul International Airport Police Department and the fire and police departments of Eden Prairie, Edina and Bloomington. Financing is shared by each of the entities based on the

Development Director Larry Lee said, "property owners partner with the City to renew and revitalize the community." REVITALIZE THE

COMMUNITY

Whether they are remodeling existing properties or constructing new properties, home owners and businesses are reinvesting in the community. In 2005, the City issued 12,277 building permits with a total valuation of \$163,885,364.

"Our partnership with the Bloomington **School District** enables us to

offer a variety of high quality programs," Parks and Recreation's Assistant Manager Greg Boatman said. "Together we are constantly working to improve what we do and the services we provide."

Look out FOR EACH OTHER

Neighborhood Watch is comprised of residents who meet to discuss concerns and ways to reduce crime. The Police Department conducts an annual workshop to train and educate block captains so they can incorporate crime prevention techniques in their neighborhoods. Since 1992, Neighborhood Watch groups have grown from 24 to 326 in 2005.



number of career or volunteer personnel.

PRODUCE LOW-COST, QUALITY PROGRAMS

The City has a long-term partnership with the **BLOOMINGTON SCHOOL DISTRICT** to share resources and save costs. The most apparent collaborations are through

> Parks and Recreation programs that include Summer Spectrum, one of the most unique programs in the state. Few school districts and cities have the comprehensive collaboration that Bloomington has developed. The needs of families are better met by enhanced services such as child care, transportation and convenient registration.

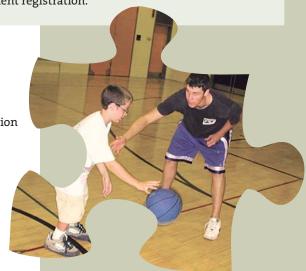
FACILITATE DEVELOPMENT THROUGH INFRASTRUCTURE IMPROVEMENTS

"The key for Bloomington is joint application and advance financing," **Bloomington Assistant City Manager** Clark Arneson said. "Parking stress can be relieved at the 28th Avenue Station sooner, ensuring the continued success of LRT and further redevelopment of the area."

Cooperation enables infrastructure improvements that help development in the Airport South area to get underway. A first-ever joint proposal, submitted by the City of Bloomington, Met Council and Metro Transit, was awarded federal funds. A 1,500-space parking structure at the heavily-used 28th Avenue Station

park-and-ride lot and a light-rail station at 34th Avenue will be constructed.

Pending final federal approval, funds would be available in 2009. However, the Bloomington Port Authority will advance financing for the parking structure so that it can be constructed in 2007.



Department of NATURAL
Resources
Bituminous Roadways
Problem Waste Drop-Off
Center
Eagle Mechanical, Ltd.
Al's Vacuum
Metro Transit Police
Eureka Contracting

Council
Federal **Aviation**Administration
Family & Children's Service
C & S Vending
Family to FAMILY
Fare for All
Feldmann Imports
Bloomington Civic

Federal HIGHWAY
Administration
Financial Child Care
Subsidy
First CHOICE Tours, Inc.
Cedar Creek Oil & Gas Co.
Friends of the Minnesota
River Valley
Mall of America SECURITY

Gardens and Associates
Gold Star Restaurant
Service
City of BURNSVILLE
Grandparents Raising Kids
Bloomington Vouth
Soccer Club
Greater MINNEAPOLIS Day
Care

Development
American RED CROSS
Gopher State One-Ca
Charaka – Resources, Inc.
Household
Bloomington Art CENTER
Happy Feet
City of SHAKOPEE
Hennepin County

Minnesorta Department of Transportation
Hennepin County Child
Protection
Bloomington TRAVELING
Baseball Association
Midwestern Unconvention

Hennepin County First
Response
Hennepin County Services to
Seniors/DISABLED
Cornerhouse Child Advocacy
BLOOMINGTON Chorale
Il Hennepin South Services

Hennepin Technical
College
s to American Legion
Metropolitan Airports
ccy Commission
HTPO, Inc.
Midwest Asphalt

MAKING THE CONNECTION

2006 OPERATING REVENUE SOURCES

THE CITY'S MAJOR FUNDS FALL INTO THE categories of General, Enterprise, Debt Service, Capital Projects, Internal Service and Special Revenue. Shown on the next three pages, these funds demonstrate how quality City services provide a good value for your tax dollar.

Bloomington's low property tax rate is maintained by maximizing other fund sources and increasing productivity. By diversifying revenue, the City is in a strong position to withstand economic shifts.

Property taxes	\$36,902,235
Fees/charges	21,969,152
Program income	7,024,306
Lodging/admissions	5,411,190
Licenses/permits	4,286,340
Intergovernmental	3,289,781
Transfers/other	2,057,134
Special assessments	1,506,000
Fines/forfeitures	1,222,928
Interest	1,060,510
Franchise fee	878,000
Total revenues	\$85,607,576

2006 BUDGETED EXPENDITURES BY FUND

The City of Bloomington's Budgeted expenditures for 2006 total \$88,422,084.*

Total expenditures	\$88,422,084
Debt Services	5,117,807
Special Revenue Funds	4,492,232
Enterprise Funds	31,585,573
General Fund	\$47,226,472

* The \$2.8 million difference between 2006 revenues and expenditures is the planned expenditure(s) of reserves for Capital Projects.



Parks and Recreation's Cultural Arts programs included 32 events and attracted 55,000 participants in 2005. Attendance at the annual Jazz Festival increased by 15 percent and the first-annual Latin Music Festival was a hit. Many individuals and organizations participated in making these events a success.

THE GENERAL FUND

The General Fund, which accounts for a majority of City services, is Bloomington's primary operating fund. It uses current revenues to fulfill current expense obligations. This section contains specific information about each department within the General Fund.

	2005 Expenditures	2006 BUDGET	NET PROPERTY TAX	
Police	\$15,177,301	\$15,991,167	\$19.18	
	The Police Department works with the partners with residents and businesse	-	afe place to live, and	
Public Works	\$9,923,507	\$10,432,791	\$15.10	
	Public Works provides safe and efficienthe City's streets, parks, vehicles and podevelopment projects will have on local	ublic facilities; and reviews the i	•	
COMMUNITY SERVICES	\$7,306,626	\$7,883,430	\$8.56	
	Community Services fosters opportunities for all residents, produces communication materials, provides public health services, and manages parks and recreational activities.			
FIRE	\$2,137,708	\$2,519,650	\$4.93	
	The Fire Department protects the community by performing rescues; responding to fires, emergencies and hazardous materials incidents; and teaching fire prevention.			
COMMUNITY	\$4,549,618	\$5,105,375	\$3.16	
Development	Community Development partners wire planning, economic development and by obtaining compliance with state and	redevelopment activities. The de	_	
TECHNICAL SERVICES	\$1,853,964	\$2,047,069	\$2.51	
	Technical Services furnishes licensing, services to Bloomington's residents as		-	
FINANCE	\$965,813	\$1,238,297	**	
	Finance provides financial manageme departments.	nt services and internal support	services to other	
LEGAL	\$1,037,009	\$926,075	**	
	Legal advises the City Manager, City Council, City departments, and advisory boards and commissions.			
Council,	\$601,220	\$633,343	**	
COMMISSIONS, CITY MANAGER	Bloomington is governed by an elected, part-time City Council consisting of a mayor and six councilmembers. Legislative power is vested in this Council, which appoints citizens to advisory commissions, and a City Manager, who is responsible for the administration of City business. The City Manager appoints all other employees and performs duties as directed by the Council.			
HUMAN RESOURCES	\$502,535	\$632,820	**	
	Human Resources recruits and assists conducts employee relations activities		e benefit programs and	

- * Net property tax is the portion of the levy allocated to these services per month.
- ** These administrative services are allocated to other funds and programs.

A SIGNIFICANT FINANCIAL ACHIEVEMENT — THREE TRIPLE-A RATINGS TOP SCORES FROM S & P'S, MOODY'S AND FITCH

BLOOMINGTON RANKS WITH AN ELITE few cities nationwide in holding three triple-A bond ratings. The City maintains its Aaa from Moody's, AAA from Standard & Poor's and AAA from Fitch Ratings, the highest bond ratings awarded by these agencies.

Bloomington is one of only 20 cities out of more than 87,000 local governments in the U.S. that have achieved triple-A ratings from all three agencies. Our city is currently the only city in Minnesota to hold all three highest ratings.

According to the agencies,
Bloomington's triple-A status reflects
the City's conservative fiscal
management, diverse economic base,
central location, low unemployment
rates that fall below state and national
averages, and continued success in the
Mall of America tax increment district.

The City's excellent bond ratings signal current and potential investors that our financial future is strong and ensures Bloomington's interest costs will remain as low as possible. It also communicates to businesses and



Micron Molding
Senior OUTREACH
Cornerstone
Minnesota Department of
Health
Presbyterian Homes
Allied Waste Systems
Minnesota PARK Supervisors

Braun Intertec

Minnesota Sports Federation

Bloomington Senior

Music Program

Mountain ENVIRONMENTAL

Watershed District

Hennepin County Community Prevention

Normandale COMMUNITY
College
Community Dental
Clinic Board
Bloomington, Edina and
Richfield School
Nurses
Minnesota Department of
EDUCATION

Recycling Association of
Minnesota
SHE Inc.
Drug Enforcement
Agency
Hansen, Jergenson, Nergaard
& Co., LLP
Unemployment –
Department of Economic
Security

PEOPLE COMING TOGETHER



ENTERPRISE FUNDS

These funds consist of utilities, recreational facilities and contractual police services primarily supported by user fees. Operating expenses do not include debt service expenses, capital outlay or transfers to other funds.

		2005 Expenditures	2006 Budget	Average fee Per month
COMMUNITY SERVICES	RECREATIONAL FACILITIES	\$4,437,771	\$4,060,077	\$1.15*
PUBLIC SAFETY	CONTRACTUAL POLICE	819,307	569,495	
PUBLIC WORKS	SOLID WASTE MANAGEMENT	715,241	789,635	2.06**
	STORM WATER UTILITY	2,256,139	1,990,652	4.24
	WASTE WATER UTILITY	8,342,950	8,345,037	11.23
	WATER UTILITY	8,865,500	9,197,594	16.65***
TECHNICAL SERVICES	MOTOR VEHICLE OFFICE	494,474	531,026	

- Amount is included in the \$8.56 that the property owner of a median-valued home pays for Community Services per month.
- ** Residents receive a 63 cent recycling credit per month from a county grant.
- *** Based on 7,500 gallons per month.



INTERNAL SERVICE FUNDS

THESE FUNDS FINANCE INTERDEPARTMENTAL GOODS AND SERVICES ON A COST-REIMBURSEMENT basis from a variety of end-user funds. Internal Service Funds are supported by user fees already included as expenses to other funds in this report. Operating expenses do not include debt service, capital outlay or transfers to other funds.

	2005 Expenditures	2006 Budget
EQUIPMENT POOL	\$4,311,114	\$2,994,528
FACILITIES REPLACEMENT	3,638,435	2,892,474
Information Systems	2,504,488	2,918,097
Insured Benefits	5,605,390	6,678,590
PUBLIC SAFETY RADIO	1,525,674	229,504
Self-Insurance	**	**
SUPPORT SERVICES	604,526	574,732

^{*} Working capital goals/insurance reserves established and maintained.



SPECIAL REVENUE FUNDS

These funds account for revenues used for specific purposes including housing and community development, communications, public health initiatives and law enforcement activities.

द द द द द द द		2005 Expenditures	2006 Budget	Funding
COMMUNITY DEVELOPMENT	AIRPORT SOUTH ENVIRONMENT REVIEW	\$36,874	\$300,000	Environmental review fees
COMMUNITY SERVICES	Communications	897,429	867,448	Franchise fee/other fund charges
	PUBLIC HEALTH SPECIAL REVENUE	743,022	622,219	Funded by state grants
PUBLIC SAFETY	PENSION RESIDUAL ASSET FUND	3,911,267	1,769,426	One-time reimbursement*/ property taxes**
	Police Special Revenue	1,417,183	269,800	Forfeited assets and grants

- Used for specific police capital and operating expenses.
- ** If the City is required to fund Bloomington's Fire Pension Fund, the tax levy would be the funding source.



STRATEGIC PRIORITIES FUND

This fund is used for City Council priorities that include community renewal and enhancement projects.

	2005 Expenditures	2006 Budget	NET PROPERTY TAX PER MONTH
Ī	\$181,720	\$2,216,508	\$2.33

2006 RESIDENTIAL WATER AND SEWER RATE SURVEY

Monthly costs to residents in Nine cities for water and sewer service in 2006 range from \$27.59 per 7,500 gallons in Bloomington to \$49.52 in New Hope. Most of these cities, including Bloomington, soften their water before distribution to residents.

The City's softened water and sewer services are bargains at only 1 cent per 2.8 gallons – another example of how the City's quality services are a good value for your dollar.



IT JUST TASTES BETTER MORE PEOPLE CHOOSE CITY WATER OVER BOTTLED

IN A BLIND TASTE TEST HELD AT THE science fair at Ridgeview Elementary School in February, City of Bloomington water was compared glass-to-glass with bottled spring water. Eighty percent of participants selected City water as having a better taste. Comments included, "It just tastes better and is fresher than bottled water," and "There's not a better water in the state." Twelve percent of participants chose bottled water and six percent liked both waters equally.

A cost comparison shows the value of Bloomington's water. One gallon of bottled spring water costs approximately 89 cents, the same as 472 gallons of City water. Bloomington citizens are indeed receiving quality water at a bargain price.

Minnesota state law, Chapter 156 of the Session Laws of 2005, requires that "a city or county with a population of more than 15,000 must annually notify its residents of the positions and base salaries of its three highest-paid employees." For the City of Bloomington, names, titles and salaries are: Mark Bernhardson, City Manager - \$130,000; Charles Honchell, Public Works Director - \$125,834; and Larry Lee, Director of Community Development - \$125,834.

BUILDING A BETTER BLOOMINGTON

ABOUT THIS REPORT

The City Council presents this corporate report of financial and related information to show how Bloomington's city government performs. This publication does not include Housing and Redevelopment Authority or Port Authority budgets.

Mayor

Gene Winstead, 952-888-1258 (h); gwinstead @ci.blooming ton.mn.us

Councilmembers

council@ci.bloomington.mn.us Rod Axtell, 952-832-5377 (h) Steve Elkins, 612-578-2103 (c) Amy Grady, 952-884-6502 (h) Karen Nordstrom, 952-831-5221 (h) Steve Peterson, 952-884-3262 (h) Vern Wilcox, 952-854-1425 (h)

Mark Bernhardson, 952-563-8780 citymanager@ci.bloomington.mn.us

Assistant City Manager

Clark Arneson, 952-563-8921 carneson@ci.bloomington.mn.us

Comprehensive Annual Financial Report

The City of Bloomington reports financial year-end results in the more than 150-page Comprehensive Annual Financial Report (CAFR). This popular report summarizes the most significant data from the 2005 CAFR and the 2006 Annual Budget, and is consistent with Generally Accepted Accounting Principles. The report reflects the net tax cost by service expenditure developed by crediting related revenues against appropriate expenditures and allocating local taxes against the remaining balance.

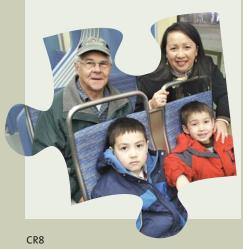
The City of Bloomington Corporate Report to the Community is unaudited. This popular report format has been used for the past seven years and is also available on our Web site at www.ci.bloomington.mn.us.

For a complete review of the City's financial position for 2005, consult the 2005 CAFR, available from the Hennepin County Library, Bloomington Finance Department or the City's Web site. For more information on the 2006 Annual Budget, visit the City's Web site or call 952-563-8790.

WHAT DO YOU THINK?

DIRECT COMMENTS AND SUGGESTIONS to the Finance Department, phone: 952-563-8790, e-mail: finance@ci. bloomington.mn.us. Visit www.ci.bloomington.mn.us to find out more about City services.

ight-rail transit (LRT) exceeded ridership projections with recognition of its 10-millionth passenger in November 2005 at the Mall of America station, the busiest station on the line. LRT is a joint effort of many agencies and organizations.



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CAPITAL PROJECTS

Capital Projects purchase and improve major assets such as land, structures, equipment and streets.

AMERICAN BL

Bloomington

Development

Approved

Potential

Central

Station

2005	2006	
Expenditures	Budget	
\$20,930,838	\$8,415,075	



GROWTH IN AIRPORT SOUTH PLANNING AND INVESTMENTS CREATE DYNAMIC DISTRICT

MALL OF AMERICA

Phase II

KILLEBREW

86TH

NORTH

Over the past 25 years, proactive planning and public investment have set the stage for additional growth in the Airport South District. A comprehensive plan is in place to encourage future development that will increase

employment and housing, create opportunities to diversify and expand the City's tax base, and transform the **Airport South District** into a higher-density, mixed-use area.

Assistant City Manager Clark Arneson said the high-intensity development with high-density

residential uses will create a dynamic environment.

"When all phases of Bloomington Central Station and the Mall of America's expansion projects are completed and combined with the Mall's Phase I, the total value will be \$2.5 billion," Arneson said. "Bloomington will have the base for a third urban center in the metropolitan area."

AIRPORT SOUTH PROJECT

More than \$85 million has been budgeted over the next five years for infrastructure improvements in the Airport South development district. The project is being funded from business tax revenues and is in the first year of a revised 10-year program. Anticipated 2006 capital expenditures total \$6.9 million, including \$1.8 million for storm water pond improvements and \$5.1 million for road improvements. An additional \$50,000 for maintenance costs will be included in the operating budget.

PAVEMENT MANAGEMENT **PROGRAM**

The Pavement Management Program is a funding and implementation plan for repair, maintenance and reconstruction of Bloomington roadways. Identified needs are funded through state aids, assessments and an annual levy. To maximize efficiency, the most opportune time to repair streets is calculated and the funding needs are levied over several years. Approximately \$5.2 million is budgeted for program expenditures in 2006



DEBT SERVICE

EXPENDITURES	2006 Budget	AVERAGE NET PROPERTY TAX COST PER MONTH
\$8,486,198	\$5.117.807	\$4.73 See page CR2

Many community needs must be met by the City of Bloomington, including street and infrastructure work, construction projects and equipment purchases. The City's ability to issue future debt at lower interest rates will provide for our community's upkeep and renewal without substantially increasing property taxes for debt service.

OUTSTANDING DEBT

The City's total outstanding debt on December 31, 2005, was \$40.6 million. The City's net debt per capita is \$360. See right. The total legal debt limit for Bloomington is \$207 million. More than half of Bloomington's debt will be paid off in 10 years - a sign of a strong financial organization.

The Port Authority has outstanding debt of \$44.6 million which will be paid off from TIF revenues and the local liquor and lodging taxes.

CITY OF BLOOMINGTON BONDS	
General Obligation (G.O.) Bonds	\$7,485,000
G.O. Improvement Bonds	22,880,000
G.O. Tax Increment Bonds	8,210,000
Enterprise Fund Revenue Bonds	2,035,000
TOTAL	\$40,610,000
Less: Funds on hand	(9,824,240)
TOTAL NET DEBT	\$30,785,760
NET DEBT per capita	\$360
PORT AUTHORITY BONDS	
Special Tax Revenue Refunding	\$36,900,000
Lease Revenue Bonds	7,735,000
TOTAL	\$44,635,000